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THE CITY OF SAN DIEGO
MAYOR JERRY SANDERS

MEMORANDUM

DATE: October 18, 2007

TO: Honorable Council President Scott Peters and Members of the City Council

FROM: Timothy C. Bertch, Ph.D., Metropolitan Wastewater Department Director
via R.F. Haas, Deputy Chief Operating Officer, Public Works

SUBJECT: Metropolitan Wastewater Department Bid to Goal Memorandum of Understanding
Docketed for Council Consideration 10-29-2007

The Metropolitan Wastewater Department (MWWD) is pleased to bring our Bid to Goal Memorandum of Understanding (MOU) before you for your consideration. Since its inception in July 1997, the Bid to Goal program has been very effective in improving the operation of MWWD. Bid to Goal leverages the best features of both the private and the public sectors to promote effective business practices, efficient budgets and strategic financial management, and employee commitment to continuous improvement.

The previous MWWD Bid to Goal Agreements expired at the end of Fiscal Year 2007. In anticipation of this event, the City, AFSCME Local 127, and the Municipal Employees Association met and conferred, ultimately reaching an agreement on the continuation and expansion of the program. The resulting MOU will implement Bid to Goal on a department-wide basis. When this program was presented to the City Council on June 25, 2007, it was approved with the provision that the termination for convenience language included in the MOU be removed. Subsequently, a memorandum from the City Attorney's office (attached) indicated that due to the significance of the termination of convenience clause in the Meet and Confer negotiations, the MWWD Bid to Goal MOU could only be ratified as originally submitted. The item was returned to the City Council on July 24, 2007. In that session, Council voted 4 to 3 against the motion to accept the resolution to ratify the Bid to Goal MOU.

organizations. Similarly, our office has indicated that the City Council's role in labor negotiations is very limited under the Strong Mayor form of government. See City Att'y Memorandum, April 23, 2007.

We have not found any published opinions directly addressing the question of what latitude the City Council has to alter the terms of the MOU. We did locate a persuasive, but unpublished appellate court decision¹ that indicates material changes cannot be made. In *Huntington Beach Municipal Employees' Ass'n v. Thompson*, 191 Cal. App. 3d 510 (1987), the Huntington Beach City Council approved a memorandum of understanding with a labor organization, but altered certain provisions relating to wages. In addressing whether the City Council had the authority to modify the memorandum of understanding prior to approval, the Court noted:

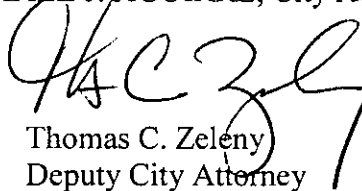
The legislative intent of the Meyers-Milias-Brown Act is not served if, after countless hours spent by the parties at the bargaining table, the city council is permitted to disregard the product of those negotiations and impose any terms and conditions of employment it sees fit.

The Court ruled against Huntington Beach and held the memorandum of understanding, as modified by the City Council, was unenforceable.

In light of Section 3505.1 of the Meyers-Milias-Brown Act and the significance of the termination of convenience clause in this instance, MWWD's Bid to Goal program must be returned to the City Council for reconsideration. The duration of the program was of particular concern to all parties. Removal of the termination of convenience clause likely affects the parties' positions on other provisions of the MOU, particularly the five year term of the agreement. Because the resolution passed by the City Council makes a material change to the MOU previously prepared and agreed to by the parties, we believe it violates the Meyers-Milias-Brown Act. The resolution is therefore void, and the Mayor need not act to approve or veto the resolution. Instead, the MOU should be returned to the City Council, where it must either be approved as originally submitted, or rejected and returned to the Mayor for further action.

MICHAEL J. AGUIRRE, City Attorney

By


Thomas C. Zeleny
Deputy City Attorney

cc: Elizabeth Maland, City Clerk

¹ As an unpublished decision, the case is not a binding legal precedent.

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Office of
The City Attorney
City of San Diego

MEMORANDUM

533-5800

RECEIVED
CITY CLERK'S OFFICE

07 JUL 11 PM 3:06

SAN DIEGO, CALIF.

DATE: July 11, 2007
TO: Honorable Mayor and City Council
FROM: City Attorney
SUBJECT: Item 200 of June 25, 2007 City Council meeting
MWWD Bid-to-Goal MOU

On June 25, 2007, the City Council approved a Memorandum of Understanding ("MOU") between the City, Local 127 and MEA implementing a new Bid to Goal program for the Metropolitan Wastewater Department. The City Council approval, however, was conditioned on the removal of a provision allowing the Mayor to terminate the MOU for convenience (without cause) anytime after one year. Removal of this provision effectively created a five year agreement which could only be terminated for default. At the meeting, our Office indicated the modification was permissible.

Since the City Council meeting, it has been brought to our attention that the termination for convenience clause was an issue central, if not critical, to the negotiations between the City and the labor organizations. Termination for convenience clauses are typically uncontroversial, and appear in several standardized City contracts. Ordinarily, removal of such a provision would not be significant. In this instance, though, it is our understanding that the Mayor insisted on including the provision, in case it was necessary to end the Bid to Goal program as part of his ratepayer safeguard plan. The labor organizations objected to the termination for convenience clause during the meet and confer process. The negotiations proceeded in good faith, and an agreement was reached by all parties, which was memorialized in the MOU and included the termination for convenience clause.

Our office has previously indicated that the Bid to Goal program is subject to meet and confer under the Meyers-Milias-Brown Act. City Att'y MOL, February 1, 1996. Once an agreement is reached through meet and confer, a memorandum of understanding is jointly prepared and presented to the City Council for approval. Gov. § 3505.1. The City Council then determines either that the MOU is approved or that it is not approved, in which case further negotiations may be necessary. *Beverly Hills Firemen's Ass'n v. City of Beverly Hills*, 119 Cal. App. 3d 620, 628 (1981). This procedure strongly suggests the City Council is prohibited from making any material changes to the MOU without the Mayor first re-opening negotiations with the labor

Honorable Council President Scott Peters and Members of the City Council
October 18, 2007

MWWD would like to clarify the use of the Termination for Convenience provision in the proposed agreement. The termination for convenience clause allowed MWWD to meet two important requirements:

- 1) The limitation of City obligation to one year so that the City could retain flexibility in labor relations.
- 2) The ability to continue the agreement without annual renegotiation and approval, saving considerable meet and confer time compared to an annual contract.

Termination for convenience is not a new contract idea. From a construction law website:

Many construction contracts also include a clause that allows the owner or the prime contractor to terminate the contractor's remaining work on the project at the owner's convenience. Such a termination is not due to any fault on the part of the contractor. Termination for convenience clauses first were included in federal government procurement contracts. However, such clauses now are becoming common in private contracts. For example, the American Institute of Architect A-201 General Conditions contain such a clause.¹

It should be noted that while the termination for convenience clause is standard in most federal contracts, the exercise of this provision is extremely limited.

The department is presenting the resolution to you once again on October 29, 2007 with the request that it be ratified. We trust this memo has clarified the termination for convenience characteristic of the MOU. It is being brought forward as it was originally submitted as a negotiated agreement that you may approve or disapprove in its entirety.



Timothy C. Bertch, Ph.D.
Metropolitan Wastewater Department Director

MHW/mhw

Attachments:

- 1) Original Request for Council Action docketed on June 25, 2007: Public Contract Operations (MWWD Department-wide Bid to Goal) Implementation, including all associated documents
- 2) Memorandum to Mayor and City Council from City Attorney dated July 11, 2007: Item 200 of June 25, 2007 City Council meeting MWWD Bid to Goal MOU

cc: Jerry Sanders, Honorable Mayor, City of San Diego

¹ Source: <http://www.lhfconstructlaw.com/CM/Articles/Articles113.asp>



000067

THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: June 21, 2007

IBA Report Number: 07-65

City Council Docket Date: June 25, 2007

Item Number: 200

Subject: MWWD Bid to Goal Memorandum of Understanding

OVERVIEW

On May 21, 2007 the City Council approved the Metropolitan Wastewater Department's Business Process Reengineering (BPR), which combined elements of the Mayor's citywide BPR initiative with the Department's existing Bid to Goal program. The action approved at that time involved the reorganization of the Department, including the streamlining of operations and elimination of positions, which was reflected in the FY 2008 Budget.

The action currently requested by the Council is approval of the Memorandum of Understanding between the City and MWWD employees, pursuant to the Bid to Goal agreement. Whereas the reorganization, efficiencies and budgetary savings were approved on May 21 with the BPR, this requested action essentially memorializes the agreement between the management and labor.

FISCAL/POLICY DISCUSSION

As described in IBA Report 07-53, the purpose of Bid-to-Goal is essentially to optimize the governmental organization by reengineering business practices and operations in order to attain benchmark service levels, and to then provide those service levels in a manner that is competitive with private market providers. In this way, BPR is a natural fit with Bid to Goal in that it also aims to systematically identify and implement efficiencies by assessing and modifying existing business practices and operations. In this instance, MWWD simply used the BPR process as the mechanism to identify the majority of efficiencies and cost savings that support the eventual Labor-Management Partnership (LMP) Bid.

The Bid to Goal process generally involves developing a statement of work that defines a discreet scope of work that is to be bid for. A competitive market analysis is then



Office of Independent Budget Analyst

202 C Street, MS 3A • San Diego, CA 92101
Tel (619) 236-6555 Fax (619) 236-6556

performed, and a private market proposal is estimated to establish the mark against which public employees will compete. The private market proposal is designed to approximate the cost at which a private utility provider could perform the services defined in the statement of work. The next step is for the employees of the public utility to prepare an employee bid in an attempt to match the private market proposal. This involves assessing the organization in order to streamline operations and find efficiencies. When the employee bid is developed, the utility is said to be at its most efficient organization, or MEO. Finally, a Public Contract Operations Agreement is entered into, whereby public employees essentially commit to providing the defined statement of work at a specific cost level that is competitive with private organizations.

The Bid to Goal MOU currently under consideration reflects an agreement between City management and the impacted labor organizations regarding the parameters of the Bid to Goal contract, including performance targets and cost levels. Upon approval of the MOU, the Department will prepare the LMP Bid, to be approved by the Mayor, which defines more specifically how the policy goals set forth in the MOU will be achieved. The key elements of the MOU include the “goal” that is to be achieved; the provision of employee incentives; and accountability, including the terms and conditions for default. Each of these elements is discussed in greater detail below. The LMP Bid deals more with the execution and administration of the MOU, yet must be consistent with the goals and expectations defined in the MOU. Together, the MOU and the LMP Bid form the Public Contract Operations (Bid to Goal) Agreement.

The central element in the Bid to Goal MOU is the “goal,” which includes achieving certain key performance service levels at a maximum specified cost. The key performance service levels are listed on page 4 of the MOU, and are considered the key metrics to overall wastewater utility service delivery. The cost level at which these services must be performed, referred to as the “budget objective,” was determined with the assistance of an industry consultant to reflect the cost at which a private utility provider could reasonably be expected to perform identical in-scope services¹. In this case, the budget objective is the FY 2008 Budget, less certain “pass through” expenditures as described on page 5 of the MOU. It should be noted that MWWD’s FY 2008 Budget incorporated BPR savings in order to achieve the Most Efficient Organization (MEO), which is comparable to the Private Market Proposal developed by the consultant.

The second key element in the MOU is in regard to employee incentives. It is understood that achieving the goal as specified in the MOU will depend on the ability of labor and management to continually identify and implement efficiencies to business practices and operations. In order to provide adequate employee incentive for achieving such ongoing optimization, this MOU establishes an Employee Efficiency Incentive Reserve (EEIR).

¹ “In-scope” refers to a discreet statement of work that a private market provider would bid for. It does not include certain ancillary expenditures that are outside the Department’s core mission, such as expenditures related to the new ERP system.

The EEIR consolidates all existing gainsharing and pay-for-performance programs into a single, Department-wide employee incentive effort. Under the terms of the MOU, 50% of all savings achieved above and beyond the Department's Most Efficient Organization will be deposited in the EEIR, to be expended on behalf of Department employees based on recommendations from a Bid to Goal Labor-Management Committee. The potential uses of these funds are described on page 6 of the MOU. It is important to note that in the past employees have elected to use these funds for workplace improvements, such as the purchase and installation of defibrillators, and career enhancement, such as facility cross-training.

The third key element of the MOU describes the terms and conditions for default of the Bid to Goal agreement, as well as performance monitoring. Consistent with prior Bid to Goal agreements, the MOU establishes that the current Bid to Goal contract may be terminated for default if either the budget objective is not met (default for inefficiency), or if any three of the key performance service levels not be met (default for ineffectiveness). In addition, a new element has been included in the current MOU that allows the Mayor to terminate the agreement for convenience after one year. This provision was requested by the Mayor's office in order to allow for maximum flexibility in pursuing Managed Competition, or other optimization measures if deemed appropriate. Finally, the MOU provides for performance monitoring by requiring an annual performance report from the MWWD Director to the Deputy Chief Operating Officer for Public Works, the contents of which are listed on page 8 of the MOU. The IBA has requested, and the Department has agreed, to make this performance report available in a public format and to present the report to the appropriate Committee should the Council so choose.

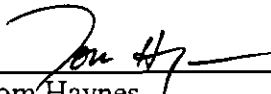
CONCLUSION

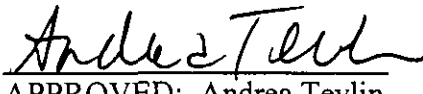
In summary, the Bid to Goal process essentially began with the development of a statement of work that defines the organization's core functions and forms the basis for a competitive bid. A consultant was retained to perform a competitive market analysis and to develop a private market proposal to accomplish the statement of work. The Department then utilized the BPR process to identify efficiencies and develop the Departments MEO, which was then used as the basis for MWWD's FY 2008 Budget. To memorialize the Bid to Goal agreement, the Department is now requesting Council approval of the Bid to Goal MOU, which will become the basis for the LMP Bid, to be approved by the Mayor. Together, the MOU and the LMP Bid form the Public Contract Operations (Bid to Goal) Agreement.

Over the last decade, the Bid to Goal program has been very successful in identifying efficiencies and optimizing business practices in order to keep MWWD competitive with the private market place. The employee incentive program is an invaluable way to keep

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employees engaged in continual improvement in the organizations. The IBA supports the MWWWD Bid to Goal program and the adoption of the MOU.


Tom Haynes
Fiscal & Policy Analyst


APPROVED: Andrea Tevlin
Independent Budget Analyst

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000071

THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE: June 20, 2007
ISSUED:

REPORT 07-114
NO:

ATTENTION: Council President and City Council
Docket of June 25, 2007

SUBJECT: Public Contract Operations (MWWD Department-wide Bid to Goal) Implementation

REFERENCE: Metropolitan Wastewater Bid to Goal Memorandum of Understanding

REQUESTED ACTION:

Ratify the MWWD Bid to Goal Memorandum of Understanding (MOU) and authorize the Mayor to approve and accept a responsible and responsive MWWD Labor-Management Partnership (LMP) Bid to encompass all MWWD operations and functions in an organization-wide Public Contract Operations (Bid to Goal) Agreement.

STAFF RECOMMENDATION:

Approve the requested action.

BACKGROUND:

In 1997, City Council authorized an innovative pilot Bid to Goal Agreement (Agreement) with the Metropolitan Wastewater Department (MWWD) Operations and Maintenance (O&M) Division for the operation and maintenance of certain wastewater treatment facilities through Fiscal Year (FY) 2003. In FY 2000, Amendment I to this Agreement was authorized to add remaining City of San Diego wastewater treatment infrastructure. Amendment II to this Agreement was approved in FY 2004 continuing the Agreement through FY 2007. A second Bid to Goal Agreement covering the Wastewater Collection (WWC) Division functions was subsequently approved for the period FY 2002-2007.

Since its inception, the Bid to Goal approach has demonstrated remarkable success as a strategy to optimize public sector service delivery utilizing the most appropriate features of both the public and private sectors. Over the past 9 years, significant improvements in the efficiency and effectiveness of relevant MWWD functions have been realized. In particular, baseline budgets were reduced by approximately \$120 million (avoided costs) and an additional \$70 million in audited savings (beyond benchmarked competitive budgets) were realized. Further, these efficiencies were accomplished with service level maintenance or improvements that included reductions of sewer spills from 316 in FY 2001 to 71 in FY 2006, while maintaining full regulatory compliance, receiving Association of Metropolitan Sewerage Agencies (AMSA) platinum and gold awards for performance, and becoming the first U.S. publicly-operated

6-0000072
Waste Water Department to achieve ISO-14001 certifications for Environmental Management Systems in WWC, O&M, and the Environmental Monitoring and Technical Services divisions. The O&M Bid-to-Goal Agreement received the International City/County Managers Association (ICMA) Program Excellence Award for Innovations in Local Government Management in FY 2002, and it was recognized in FY 2004 by the Ash Institute for Democratic Governance and Innovation associated with Harvard University's John F. Kennedy School of Government as the most significant government optimization initiative since Managed Competition.

This proposed renewed and expanded Bid to Goal Agreement is complementary to the recent MWWD Business Process Reengineering (BPR) effort that validated MWWD performance levels and developed a Most Efficient Organization (MEO). This Agreement maintains most of the elements of the two operative Agreements (both of which expire at the end of FY 2007), with the following significant refinements:

- Whereas the existing two Agreements cover the major collection, conveyance, treatment and disposal functions of MWWD, this successor Agreement consolidates those Agreements, updates benchmarked service levels, and expands the scope to include all support functions including environmental monitoring and technical services, engineering services, budgeting, information systems, and human resources management.
- Whereas key service levels are identified for a five year term and default provisions are identified in case budget or performance metrics are not sufficiently met (similar to current Agreements), a provision has been added to enable termination of the Agreement for convenience at any time after the initial year. This provision will provide flexibility for the City to pursue Managed Competition or other optimization measures if desired and deemed to be cost-effective.
- The two existing performance management systems (Pay for Performance and Assurance Program/Gainsharing) utilized to encourage savings from efficiencies beyond those identified in the Bid to Goal Budget Objective are consolidated and redesigned into a unified system that will better support the proposed, consolidated department-wide Agreement. The proposed Employee Efficiency Incentive Reserve is capped at \$10 million for the MWWD-wide Agreement, as opposed to the combined \$8 million cap for the two operative Agreements with coverage limited to MWWD's two major operating divisions.

City Council action is requested to ratify the successor MWWD-wide Bid to Goal Memorandum of Understanding to be effective commencing in FY 2008, and (consistent with past practice) contingent on the Mayor accepting a responsive and responsible LMP Bid which will provide clarification and details necessary to administer this Agreement. MWWD and the Labor Organizations have reached a tentative Bid to Goal agreement pending the City Council approval.

FISCAL CONSIDERATIONS:

MWWD's Department-wide Public Contract Operations Bid to Goal Agreement is projected to yield an estimated annual cost avoidance of \$20 million per year over the course of the five year agreement compared to projections made prior to implementing the BPR improvements and expanded Bid to Goal Agreement scope and provisions. Incentives and accountability provisions are incorporated to encourage efficiency savings beyond these projections.

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PREVIOUS COUNCIL and/or COMMITTEE ACTION:

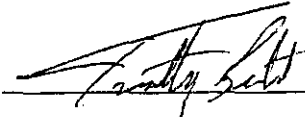
Two existing MWWD Public Contract Operations Bid to Goal Agreements and related Amendments derived via the Bid to Goal strategy were approved with MWWD's O&M and WWC Divisions. Both expire at the end of FY 2007.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Past Bid to Goal efforts and the proposed expansion to a department-wide agreement were discussed with the Public Utilities Advisory Commission in conjunction with presentations on the MWWD Business Process Reengineering process. As with former benchmarking efforts and Bid to Goal Agreements, ongoing performance results will be briefed in public forum at appropriate oversight venues.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Results of actions described above are intended and designed to deliver reliable, cost-effective services to the sewer system's ratepayers with reduced staff and associated expenses. This agreement also extends and maintains the ongoing labor-management partnership of the City of San Diego and participating labor organizations.



21 May 07

Originating Department



Deputy Chief/Chief Operating
Officer

REQUEST FOR COUNCIL ACTION

CITY OF SAN DIEGO

1. CERTIFICATE NUMBER
(FOR AUDITOR'S USE)204
10/29

TO: 000075

2. FROM (ORIGINATING DEPARTMENT):

METROPOLITAN WASTEWATER (MWWD)

3. DATE:

5/18/2007

SUBJECT:

Public Contract Operations (MWWD Department-wide Bid to Goal) Implementation

5. PRIMARY CONTACT (NAME, PHONE, & MAIL STA.)

Margaret Wyatt, x26467, MS 901 A

6. SECONDARY CONTACT (NAME, PHONE, & MAIL STA.)

Darlene Morrow-Truver, x26384, MS 901 A

7. CHECK BOX IF REPORT TO COUNCIL IS ATTACHED

X

8. COMPLETE FOR ACCOUNTING PURPOSES

FUND	DEPT.	ORGANIZATION	OBJECT ACCOUNT	JOB ORDER	C.I.P. NUMBER	AMOUNT	9. ADDITIONAL INFORMATION / ESTIMATED COST:
							Fiscal Impact: The proposed Memorandum of Understanding between MWWD and the City of San Diego will be managed with department resources. Incentive and accountability provisions of this Memorandum of Understanding are designed to encourage efficiencies beyond those inherent in meeting the stated MEO Budget Objective as reflected in the proposed FY 2008 Budget, and future-year MEO Budget Objectives established via the annual budget process.

10. ROUTING AND APPROVALS

ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
1	ORIG. DEPT.		5/23/07	8	DEPUTY CHIEF		5-29-07
2	LABOR RELATIONS MGR		5/23/07	9	C.O.O.		
3	E.O.C.		5/23/07	10	CITY ATTORNEY		5/24/07
4	E.A.S.		5/23/07	11	ORIG. DEPT.		5/24/07
5	LIAISON OFFICE		5/23/07		DOCKET COORD.		
6	F.M.		5/23/07		COUNCIL PRESIDENT		
7	AUDITOR		5/24/07				

☐ SPOB ☐ CONSENT ☒ ADOPTION
☐ REFER TO: _____ COUNCIL DATE: 6/25/07

11. PREPARATION OF:

☒ RESOLUTIONS☐ ORDINANCE(S)☐ AGREEMENT(S)☐ DEED(S)

Ratify the MWWD Bid to Goal MOU and authorize the Mayor to approve and accept a responsible and responsive MWWD Labor-Management Partnership Bid to encompass all MWWD operations and functions in an organization-wide Public Contract Operations (Bid to Goal) Agreement.

11A. STAFF RECOMMENDATIONS:

Adopt the Resolution.

12. SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION.)

COUNCIL DISTRICT(S): Citywide

COMMUNITY AREA(S): Citywide

ENVIRONMENTAL IMPACT: This activity is not a "project" and therefore *not subject to CEQA Guidelines Section 15060 (c)(3).*

ATTACHMENTS: Memorandum of Understanding and Report to Council

CITY CLERK INSTRUCTIONS: Please forward two copies of the Resolution to MWWD, MS 901A, Attn: Rose Salarda.

000077

**REPORT TO THE CITY COUNCIL
EXECUTIVE SUMMARY SHEET**

DATE REPORT ISSUED:	June 20, 2007	REPORT NO.:	07-114
ATTENTION:	Council President and City Council Docket of June 25, 2007		
ORIGINATING DEPARTMENT:	Metropolitan Wastewater (MWWD)		
SUBJECT:	Public Contract Operations (MWWD Department-wide Bid to Goal) Implementation		
COUNCIL DISTRICT(S):	Citywide		
STAFF CONTACT:	Margaret Wyatt x26467, MS 901 A		

REQUESTED ACTION:

Ratify the Bid to Goal Memorandum of Understanding and authorize the Mayor to approve and accept a responsible and responsive MWWD Labor-Management Partnership (LMP) Bid.

STAFF RECOMMENDATION:

Approve the requested action.

EXECUTIVE SUMMARY:

In 1997, City Council authorized the first Bid to Goal Agreement (Agreement) with the Metropolitan Wastewater Department (MWWD). Currently, two divisions of MWWD have Agreements in place (through FY 2007). Over the past 10 years, the Bid to Goal approach has demonstrated remarkable success as a strategy to optimize public sector service delivery, promoting significant improvements in the efficiency and effectiveness of relevant MWWD functions. This proposed department-wide Agreement is complementary to the recent MWWD Business Process Reengineering (BPR) effort that validated MWWD performance levels and developed a Most Efficient Organization (MEO). While this Agreement maintains most of the elements of the two operative Agreements, significant refinements are included and addressed in the accompanying Report to Council. MWWD and the Labor Organizations have reached a tentative Bid to Goal agreement pending the City Council approval.

FISCAL CONSIDERATIONS:

MWWD's Bid to Goal Agreement is projected to yield estimated annual savings of \$20 million compared to projections made prior to implementing the MEO. Incentives and accountability provisions are incorporated to encourage efficiency savings beyond these projections.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

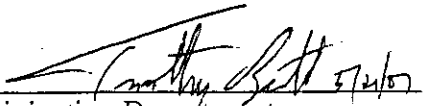
Two existing MWWD Bid to Goal Agreements and related Amendments were approved with MWWD's Operations & Maintenance and Wastewater Collection Divisions (both expire 6/30/2007).

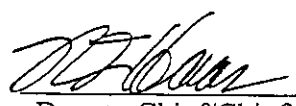
COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Past Bid to Goal efforts and the proposed expansion to a department-wide agreement were discussed with the Public Utilities Advisory Commission in conjunction with presentations on the MWWD BPR process. Performance results will be briefed in public forum at appropriate venues.

KEY STAKEHOLDERS & PROJECTED IMPACTS (if applicable):

Results of actions described above are intended and designed to deliver reliable, cost-effective services to MWWD's ratepayers with reduced staff and expenses. This agreement extends and maintains the labor-management partnership of the City and participating labor organizations.


 Originating Department


 Deputy Chief/Chief
 Operating Officer

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

RESOLUTION OF THE CITY COUNCIL RATIFYING THE
BID TO GOAL MEMORANDUM OF UNDERSTANDING;
AND AUTHORIZING THE MAYOR TO APPROVE AND
ACCEPT THE BID OF THE METROPOLITAN WASTEWATER
DEPARTMENT'S LABOR - MANAGEMENT PARTNERSHIP.

WHEREAS, the City of San Diego has had bid to goal agreements in connection with
the operation of the City's wastewater system since 1997; and

WHEREAS, the bid to goal agreements have resulted in substantial cost savings to the
City; and

WHEREAS, the bid to goal agreements expired at the end of Fiscal Year 2007; and

WHEREAS, the City would like to renew and expand the bid to goal agreements for the
Metropolitan Wastewater Department; NOW, THEREFORE,

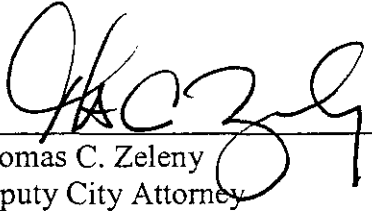
BE IT RESOLVED, by the Council of the City of San Diego, that the Council ratifies
the Memorandum of Understanding for the Bid to Goal Public Contract Operations Agreement,
as set forth in the document, on file in the office of the City Clerk as Document Number
RR _____ regarding the operation of the City's wastewater system.

BE IT FURTHER RESOLVED, that pursuant to the Memorandum of Understanding,
the Mayor or his designee is authorized to approve and accept a responsible and responsive
Metropolitan Wastewater Department Labor-Management Partnership Bid for the operation of
the City's wastewater system.

BE IT FURTHER RESOLVED, that this activity is not a "project" and therefore is not subject to the California Environmental Quality Act pursuant to State CEQA Guidelines section 15060(c)(3).

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By


Thomas C. Zeleny
Deputy City Attorney

TCZ:mb
07/18/07
Aud.Cert:N/A
Or.Dept:MWWD
MWD-8000
R-2008-90

I hereby certify that the foregoing resolution was passed by the Council of the City of San Diego, at its meeting of _____.

ELIZABETH S. MALAND, City Clerk

By _____

Deputy City Clerk

Approved: _____

(date)

JERRY SANDERS, Mayor

Vetoed: _____

(date)

JERRY SANDERS, Mayor